

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE
ISSUES FOR THE THIRTY-EIGHTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Thirty-Eighth Interim Period (collectively referred to hereafter as the “Applications”).¹

BACKGROUND

1. The Law Offices of Janet S. Baer, P.C. (“Baer P.C.”), was retained as co-counsel to the Debtors and Debtors-in-Possession. Baer P.C. seeks approval of fees totaling \$368,962.50 and expenses totaling \$3,371.55 for its services during the Application Period.

2. Baker Donelson Bearman Caldwell & Berkowitz, P. C. (“Baker Donelson”), was retained as advisor for legislative affairs to the Debtors. Baker Donelson seeks approval of a flat fee totaling \$60,000.00² and expenses totaling \$111.90 for its services during the Application Period.

¹The Thirty-Eighth Interim Period encompasses July 1, 2010 through September 30, 2010 (the “Application Period”).

²For the Application Period, Baker Donelson recorded 23 hours worked, which computes to an effective hourly rate of \$2,608.70.

3. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge & Diamond seeks approval of fees totaling \$48,387.50 and expenses totaling \$504.71 for its services during the Application Period.

4. Bilzin Sumberg Baena Price & Axelrod LLP (“Bilzin Sumberg”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Bilzin Sumberg seeks approval of fees totaling \$6,938.50 and expenses totaling \$2,211.11 for its services during the Application Period.

5. BMC Group (“BMC”) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. BMC seeks approval of fees totaling \$59,775.00 and expenses totaling \$7,105.69 for its services during the Application Period.

6. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$37,149.00 and expenses totaling \$3,301.36 for its services during the Application Period.

7. Caplin & Drysdale, Chartered (“Caplin & Drysdale”), was retained as counsel to the Official Committee of Asbestos Personal Injury Claimants. Caplin & Drysdale seeks approval of fees totaling \$31,924.50 and expenses totaling \$2,988.21 for its services during the Application Period.

8. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisor to the Official Committee of Unsecured Creditors. Capstone seeks approval of fees totaling \$161,303.00 and expenses totaling \$498.88 for its services during the Application Period.

9. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$32,562.00 and expenses totaling \$37,623.49 for its services during the Application Period.

10. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$29,189.50 and expenses totaling \$46.69 for its services during the Application Period.

11. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$75,532.50 and expenses totaling \$44.57 for its services during the Application Period.

12. Duane Morris LLP (“Duane Morris”) was retained as counsel to the Official Committee of Unsecured Creditors. Duane Morris seeks approval of fees totaling \$20,520.00 and expenses totaling \$1,182.88 for its services during the Application Period.

13. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$26,451.00 and expenses totaling \$1,713.24 for its services during the Application Period.

14. Foley Hoag LLP (“Foley Hoag”) was retained as special environmental counsel to the Debtors. Foley Hoag seeks approval of fees totaling \$27,671.00 and expenses totaling \$133.74 for its services during the Application Period.

15. Fragomen, Del Rey, Bernsen & Loewy LLP (“Fragomen”) was retained as immigration counsel to the Debtors. Fragomen seeks approval of fees totaling \$4,850.00 and expenses totaling \$1,695.60 for its services during the Application Period.

16. The Hogan Firm (“Hogan”) was retained as Delaware counsel to the Canadian Zonolite Attic Insulation (“ZAI”) Claimants. Hogan seeks approval of fees totaling \$57,079.00 and expenses totaling \$2,676.04 for its services during the Application Period.

17. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$52,126.00 and expenses totaling \$3,434.01 for its services from January 1, 2010 through March 31, 2010 (the “Thirty-Sixth Interim Period”).

18. Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) was retained as co-counsel to the Official Committee of Equity Holders. Kramer Levin seeks approval of fees totaling \$5,229.00 and expenses totaling \$131.96 for its services during the Application Period.

19. Lauzon Bélanger Lespérance (“Lauzon Bélanger”) was retained as Canadian counsel to the Canadian ZAI Claimants. Lauzon Bélanger seeks approval of fees totaling CDN \$7,075.60 and expenses totaling CDN \$1,456.13 for its services during the Application Period.

20. Lincoln Partners Advisors LLC (“Lincoln”) was retained as financial advisor to David T. Austern, the Asbestos Personal Injury Future Claimants’ Representative. Lincoln seeks approval of fees totaling \$165,000.00³ and expenses totaling \$451.81 for its services during the Application Period.

21. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN \$12,294.00 and expenses totaling CDN \$280.49 for its services during the Application Period.

³For the current Application Period, Lincoln recorded 216.20 hours worked, which computes to an effective hourly rate of \$763.18.

22. Orrick, Herrington & Sutcliffe LLP (“Orrick”) was retained as bankruptcy counsel to David T. Austern, the Asbestos Personal Injury Future Claimants’ Representative. Orrick seeks approval of fees totaling \$321,026.50 and expenses totaling \$4,390.47 for its services during the Application Period.

23. Pachulski Stang Ziehl & Jones LLP (“Pachulski”) was retained as counsel to the Debtors. Pachulski seeks approval of fees totaling \$88,098.50 and expenses totaling \$85,816.65 for its services during the Application Period.

24. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$18,657.00 and expenses totaling \$971.94 for its services during the Application Period.

25. Alan B. Rich (“Alan Rich”) was retained as counsel to the Honorable Alexander M. Sanders, Jr., Legal Representative for Future Asbestos-Related Property Damage Claimants. Alan Rich seeks approval of \$23,460.00 in fees and \$511.00 in expenses for his services during the Application Period.

26. The Honorable Alexander M. Sanders, Jr. (“Judge Sanders”), was retained as the Legal Representative for Future Asbestos-Related Property Damage Claimants. Judge Sanders seeks approval of fees totaling \$450.00 and expenses totaling \$30.00 for his services during the Application Period.

27. Saul Ewing LLP (“Saul Ewing”) was retained as co-counsel to the Official Committee of Equity Holders. Saul Ewing seeks approval of fees totaling \$32,623.00 and expenses totaling \$412.65 for its services during the Application Period.

28. Scarfone Hawkins LLP (“Scarfone Hawkins”) was retained as Canadian counsel to

the Canadian ZAI Claimants. Scarfone Hawkins seeks approval of fees totaling CDN \$33,730.00 and expenses totaling CDN \$5,817.79 for its services during the Application Period.

29. Steptoe & Johnson LLP (“Steptoe”) was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$11,840.50 and expenses totaling \$15.30 for its services during the Application Period.⁴

30. Stroock & Stroock & Lavan LLP (“Stroock”) was retained as counsel to the Official Committee of Unsecured Creditors. Stroock seeks approval of fees totaling \$69,080.00 and expenses totaling \$627.96 for its services during the Application Period.

31. Towers Watson was retained as actuarial consultant to David T. Austern, Future Claimants Representative. Towers Watson seeks approval of fees totaling \$4,153.50 and no expenses for its services during the Application Period.

32. Woodcock Washburn LLP (“Woodcock Washburn”) was retained as special litigation counsel to the Debtors. Woodcock Washburn seeks approval of fees totaling \$14,731.50 and expenses totaling \$591.84 for its services during the Application Period.

33. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District

⁴We note for informational purposes that Steptoe attorney, M. J. Silverman, billed 2.50 hours at an hourly rate of \$1,010.00. In *In re USG Corporation*, Case No. 01-2094 (JKF), Transcript of Proceedings, July 19, 2004, p. 14, the Honorable Judith K. Fitzgerald asked that we call to the Court’s attention any instance in which a professional’s billing rate reaches \$1,000.00 per hour. We bring this matter to the Court’s attention in order to comply with the Court’s request, and we make no recommendation concerning attorney Silverman’s hourly rate.

of Delaware, Amended Effective February 1, 2011, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

34. We have no objections to or issues with, any of the Applications.

CONCLUSION


35. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. Baer - \$368,962.50 in fees and \$3,371.55 in expenses;
- b. Baker Donelson - \$60,000.00 in fees and \$111.90 in expenses;
- c. Beveridge & Diamond - \$48,387.50 in fees and \$504.71 in expenses;
- d. Bilzin Sumberg - \$6,938.50 in fees and \$2,211.11 in expenses;
- e. BMC - \$59,775.00 in fees and \$7,105.69 in expenses;
- f. Campbell & Levine - \$37,149.00 in fees and \$3,301.36 in expenses;
- g. Caplin & Drysdale - \$31,924.50 in fees and \$2,988.21 in expenses;
- h. Capstone - \$161,303.00 in fees and \$498.88 in expenses;
- i. Casner - \$32,562.00 in fees and \$37,623.49 in expenses;
- i. Charter Oak - \$29,189.50 in fees and \$46.69 in expenses;
- j. Day Pitney - \$75,532.50 in fees and \$44.57 in expenses;
- k. Duane Morris - \$20,520.00 in fees and \$1,182.88 in expenses;

- l. Ferry Joseph - \$26,451.00 in fees and \$1,713.24 in expenses;
- m. Foley Hoag - \$27,671.00 in fees and \$133.74 in expenses;
- n. Fragomen - \$4,850.00 in fees and \$1,695.60 in expenses;
- o. Hogan - \$57,079.00 in fees and \$2,676.04 in expenses;
- p. Holme - \$52,126.00 in fees and \$3,434.01 in expenses for the Thirty-Sixth Interim Period;
- q. Kramer Levin - \$5,229.00 in fees and \$131.96 in expenses;
- r. Lauzon Bélanger - CDN \$7,075.60 in fees and CDN \$1,456.13 in expenses;
- s. Lincoln Partners - \$165,000.00 in fees and \$451.81 in expenses;
- t. Ogilvy Renault - CDN \$12,294.00 in fees and CDN \$280.49 in expenses;
- u. Orrick - \$321,026.50 in fees and \$4,390.47 in expenses;
- v. Pachulski - \$88,098.50 in fees and \$85,816.65 in expenses;
- w. Reed Smith - \$18,657.00 in fees and \$971.94 in expenses;
- x. Alan Rich - \$23,460.00 in fees and \$511.00 in expenses;
- y. Judge Sanders - \$450.00 in fees and \$30.00 in expenses;
- z. Saul Ewing - \$32,623.00 in fees and \$412.65 in expenses;
- aa. Scarfone Hawkins - CDN \$33,730.00 in fees and CDN \$5,817.79 in expenses;
- bb. Steptoe - \$11,840.50 in fees and \$15.30 in expenses;
- cc. Stroock - \$69,080.00 in fees and \$627.96 in expenses;
- dd. Towers Watson - \$4,153.50 in fees; and
- ee. Woodcock Washburn - \$14,731.50 in fees and \$591.84 in expenses.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 9th day of March, 2011.


Warren H. Smith

SERVICE LIST

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